

Hemaraj Land and Development - HEMRAJ

Market Stock Exchange of Thailand
Sector Property Development
Reuters HEMR.BK
Bloomberg HEMRAJ TB

HOLD

(Unchanged)

Closing Price

Bt2.32

2011 target price

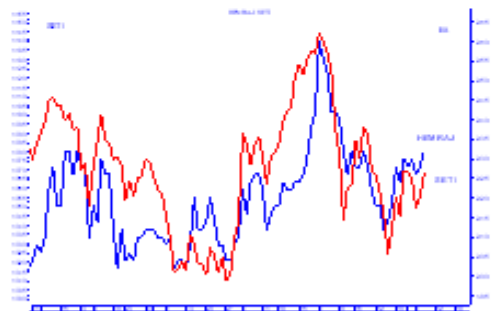
Bt2.52 (+8.6%)

Price

Last Price	2.32
52wk High (01/08/2011)	2.60
52wk Low (25/01/2011)	1.63
Shares Outstanding (mil)	9,705.19
Market Cap (Btm)	22,516.03
Avg. Daily Turnover (Btm)	10.58
Free float (%)	0.63
PE (X)	38.67
PB (X)	2.25

Price performance %

	1M	3M	6M
Absolute	-4.1%	10.5%	29.6%
Relative	-1.9%	7.2%	23.1%



Major Shareholders (26/08/11)

	%
1 Credit Agricole (Suisse) Sa	8.76
2 Miss Penpannee Horroongreung	8.26
3 Nomura Singapore Limited	6.71

CG Report - 2010



Lack of fresh catalyst for earnings

- Industrial estate developer HEMRAJ has kept its business target unchanged with no new investment plan.
- HEMRAJ is expected to see strong profit growth next year boosted by upside potential from GHECO One and land sales revenues.
- We believe much of the good news has already been baked into the stock price. Due to limited discount to our price target of Bt2.52/share, we reiterate a 'HOLD' stance on HEMRAJ.

Business target unchanged with no new investment plan

Industrial estate developer HEMRAJ sold 769 rai of land in 1H11. Management has reaffirmed its 2011 land sales guidance of 1,700 rai and we leave our full-year land sales target for HEMRAJ unchanged at 1,500 rai on view that a pickup in auto production would spur investments and land acquisitions in 2H11. The power business remains on target. The 660-MW power plant through a joint venture with GLOW will start operation in Feb 2012. HEMRAJ owns a 35% stake in the JV. The investment in seven SPP power plants each with 120 MW through joint venture in which HEMRAJ holds a 25% stake is not a new issue while the investment in a 100-MW wind power plant is under feasibility study. Overall business plan remains unchanged.

Strong profit growth outlook for 2012 boosted by upside potential from GHECO One and land sales revenues

Industrial land sales rose 23% to 769 rai in 1H11 but a change in revenue recognition policy resulted in a sharp revenue contraction in 1H11 and dragged first-half total revenue down by nearly 49% YoY. HEMRAJ also swung to a loss of Bt2m in 1H11 from a profit of Bt792m in 1H10 but we reckon that backlog of more than Bt1.5b at end-2Q11 and projected land sales of 700-800 rai, translating into sales of Bt2.2b would more than double 2H11 revenue to Bt3.2b from Bt1.4b in 1H11 and help HEMRAJ return to a profit of Bt621m in 2H11. Looking ahead into 2012, we assume HEMRAJ will see a 10% growth in industrial land sales. We forecast HEMRAJ to deliver 2012 revenue growth of 28% to Bt5.4b thanks partly to 2H11 land sales to be carried forward into 2012 of over Bt2b. Land sales revenue and profit contribution from GHECO One power plant, scheduled to come on stream in early 2012, would be the catalysts for HEMRAJ to more than double its profits to Bt2b in 2012. However, strong profit prospects for 2012 are already being baked into market expectations, in our view.

Lack of fresh catalyst for earnings, 'HOLD' rating maintained due to limited valuation discount

We see a lack of fresh catalyst for valuation re-rating. We maintain our price target of Bt2.52/share on HEMRAJ. The investments in GHECO One power

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Conso'	Profits	EPS	DPS	BV	ROE	P/E	Yield	P/BV
Ending	(Btm)	(Bt)	(Bt)	(Bt)	(%)	(x)	(%)	(x)
12/08 A	1,342	0.14	0.07	0.90	15.92	16.57	3.02	2.56
12/09 A	575	0.06	0.065	0.90	6.80	38.67	2.80	2.57
12/10 A	1,216	0.13	0.055	0.94	13.31	17.85	2.37	2.46
12/11 E	620	0.06	0.03	1.03	6.21	38.67	1.14	2.25
12/12 E	2,060	0.21	0.09	1.19	17.88	11.05	3.98	1.95

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plant and seven SPP power plants are already built into the valuation forecast. Due to less than 15% upside from current trading levels, we reiterate a 'HOLD' stance on HEMRAJ.

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


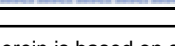
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Results Presentation

Score Range	Number of Logo
Less than 50	No logo given
50 - 59	
60 - 69	
70 - 79	
80 - 89	
90 - 100	

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